

CHAPTER 5  
QUARTERLY ESCROW INSTALLMENTS FROM  
PARTICULAR NONPARTICIPATING MANUFACTURERS

**61—5.1(453D) Purpose.** To promote compliance with Iowa Code chapter 453C and Iowa Code Supplement section 453D.5(5), the attorney general may require nonparticipating manufacturers to make escrow payments required by Iowa Code section 453C.2(2) in quarterly installments during the year in which sales covered by such payments are made.

**61—5.2(453D) Definitions.**

*“Nonparticipating manufacturer”* has the same meaning in this rule as that cited in Iowa Code Supplement section 453D.2(7).

*“Participating manufacturer”* has the same meaning in this rule as that cited in Iowa Code Supplement section 453D.2(8).

**61—5.3(453D) Applicability.** The attorney general may require quarterly payments from a nonparticipating manufacturer to which any of the following criteria apply:

**5.3(1) *No previous escrow deposit.*** The nonparticipating manufacturer has not previously established and funded a qualified escrow fund in Iowa;

**5.3(2) *No escrow deposit for more than one year.*** The nonparticipating manufacturer has not made any escrow deposits for more than one year;

**5.3(3) *Untimely or incomplete deposits.*** The nonparticipating manufacturer has failed to make a timely and complete escrow deposit for any prior calendar year;

**5.3(4) *Outstanding judgments.*** The nonparticipating manufacturer has failed to pay any judgment awarded to the state, including any civil penalty;

**5.3(5) *Large sales volume.*** The nonparticipating manufacturer sells more than 1,630,000 sticks or 147,000 ounces of roll-your-own product during a quarter.

**5.3(6) *Other reasonable cause.*** In addition to the criteria specified in subrules 5.3(1) to 5.3(5), the attorney general may require quarterly payments from a nonparticipating manufacturer if the attorney general has reasonable cause to believe that the nonparticipating manufacturer may not make its full required escrow deposit at the end of the sales year.

**61—5.4(453D) Deadlines.** Nonparticipating manufacturers required to make quarterly payments must do so as follows:

**5.4(1)** Payments for sales occurring in the first quarter, January 1 through March 31, are due April 30 of the same year. The attorney general’s office must receive official notification of the payments no later than May 10 of the same year.

**5.4(2)** Payments for sales occurring in the second quarter, April 1 through June 30, are due July 31 of the same year. The attorney general’s office must receive official notification of the payments no later than August 10 of the same year.

**5.4(3)** Payments for sales occurring in the third quarter, July 1 through September 30, are due October 31 of the same year. The attorney general’s office must receive official notification of the payments no later than November 10 of the same year.

**5.4(4)** Payments for sales occurring in the fourth quarter, October 1 through December 31, are due January 31 of the next year. The attorney general’s office must receive official notification of the payments no later than February 10 of the next year.

**61—5.5(453D) Penalties.** The nonparticipating manufacturer and its brands may be removed from the Iowa Directory of Certified Tobacco Manufacturers and Brands if:

1. Required quarterly escrow payments are not timely made in full; or
2. The attorney general is not timely notified that the quarterly escrow payments have been made in full.

These rules are intended to implement Iowa Code Supplement chapter 453D.

[Filed 1/15/04, Notice 12/10/03—published 2/4/04, effective 3/10/04]

CHAPTERS 6 and 7

Reserved